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IN THE

Supreme Court of the United States

October Term, 1973

No. 73-1805

AMERICAN DAIRY OF EVANSVILLE, INC.,
Petitioner,

v.

KRAFTCO CORPORATION,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

Petitioner prays that a writ of certiorari issue to review the decision of the United States Court of Customs and Patent Appeals decided in the above entitled case on December 20, 1973.

Opinions Below

The opinion of the United States Court of Customs and Patent Appeals has not been officially reported. It is attached in the (Appendix A) to this Petition. The opinion of the Trademark Trial and Appeal Board is reported at 172 USPQ 537 and is reproduced here in the (Appendix B).

Jurisdiction

The decision of the United States Court of Customs and Patent Appeals was decided December 20, 1973, and a petition for rehearing was denied on March 28, 1974. A Stay of Final Mandate was granted to and including June 6, 1974. The jurisdiction of this Court is invoked under 28 U. S. C. 1256.

Questions Presented

1. Is the user of a trademark having a common prefix entitled to monopolize the marketplace to the detriment of the public by virtue of a Federal Trademark registration for a trademark with such common prefix, resulting in the perpetration of a monopoly with respect to the same common prefix used with the same goods?

2. Does the Court of Customs and Patent Appeals have the power in that context to deny registration of a trademark to applicant under Sec. 2 of the Lanham Act (15 U. S.C. 1052) on the basis of a bare comparison of the marks when the Court has not only the marks before it, but evidence of actual experience in the marketplace in the use thereof?

3. Is the statutory test of likelihood of confusion interpreted to mean that the confusion be merely possible, or must confusion be established as being probable?

Statute Involved

The Lanham Act (Chapter 22, Title 15 U. S. C. 1052, Sec. 2), the pertinent part reads:

> No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it . . .
>
> (d) consists of or comprises a mark which so resembles a mark registered in the Patent Office or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when applied to the goods of the applicant to cause confusion, or to cause mistake or to deceive . . .

Statement of the Case

The Petitioner, American Dairy, located in Evansville, Indiana, is an old and well-established dairy, purchasing raw milk and processing, packaging and distributing milk, cottage cheese and ice cream in the market area of Indiana, Kentucky and Illinois.

In the fall of 1967, the Petitioner made plans to market a lowfat milk product having less solids in it than conventional two percent milk, and which would be lighter in taste and more palatable than skimmed milk. At the time of adopting the trademark "LITE N' TASTY", Petitioner was aware of the use of the trademark "LITE" for Lite Beer and the trademark "LIGHT N' LUSCIOUS" used by a competitor dairy in Evansville, Indiana, for its buttermilk promotion.

On February 5, 1969, the Petitioner filed an application for registration of its trademark "LITE N' TASTY" applied to fortified lowfat milk having use in interstate commerce on March 14, 1968. The Trademark Examiner,

after examining the application, found that "a search of the office records fails to show that the mark, when applied to applicant's goods, is confusingly similar to any registered mark." The Examiner, however, rejected the application stating that the mark was descriptive. It was pointed out to the Examiner that it was the Patent Office policy to register marks of this nature, for example, Reg. No. 738,761 issued October 2, 1962, for LITEMILK for lowfat dry milk product and LITE 'N LOW for margarine. The Examiner then found that the mark was entitled to registration, and the mark was published in the Official Gazette on January 6, 1970, for opposition purposes.

The Respondent, Krafteo Corporation, filed an opposition on June 16, 1970, based on the trademark "LIGHT N' LIVELY" and of registrations thereof, namely, Reg. No. 824,530, 852,009 and 886,819. Respondent's first use of the mark "LIGHT N' LIVELY" for imitation egg nog was in November, 1965; first use of "LIGHT N' LIVELY" for ice milk was in August, 1965; use on lowfat milk was begun in February, 1967, and by September, 1967, was in use throughout Respondent's trading area comprising the eastern half of the United States, including Indiana, Kentucky and Illinois.

Testimony was taken during the opposition proceeding by both parties, and the witness for the Respondent testified that "Appellant's television advertising featuring its mark 'LIGHT N' LIVELY' has been broadcast in all states east of the Mississippi." Respondent's witness further testified that there was no actual confusion between the marks, and Counsel for Respondent further represented this fact to the Court.

Petitioner's witness testified that there had been no actual confusion in the trade and established that the two

products have been extensively sold in the same marketing area since March, 1968, without one instance of actual confusion. Petitioner's witness further testified that advertising materials were distributed to "our 5,000 retail customers which we have in the Evansville, Kentucky, Illinois territory."

After an oral hearing, the three members of the Trademark Trial and Appeal Board unanimously found that "considering the descriptive or suggestive meaning of 'LIGHT' or 'LITE' and considering the marks in their entireties, we are of the opinion that they are sufficiently different in sound, appearance and meaning to preclude a likelihood of confusion." The entire opinion of the Trademark Trial and Appeal Board appears in Appendix A.

On December 20, 1973, the United States Court of Customs and Patent Appeals reversed the Trademark Trial and Appeal Board stating that "We think the marks, considered in their entireties, when applied to the goods involved, would be likely to lead to confusion." (underscoring added) The Court's complete opinion is attached as Appendix B.

Reasons for Granting Writ

1. In this case, the only similarity between the two trademarks "LITE N' TASTY" and "LIGHT N' LIVELY" is the prefix "LIGHT N' " and "LITE N' " which prefix is commonly used in the food industry. The term "LIGHT" or "LITE" has been used extensively to describe a low calorie food or dietary product including lowfat milk long prior to its use by the Respondent. The Marketing Manager for Respondent testified as follows:

XQ174. Do you know whether or not there are several dairies, other than Sealtest that use the word light?

A. In one form or another, yes.

XQ175. Has that now been used with lowfat milk?

A. Yes.

The President of the Petitioner testified that he was familiar with the trademark "LIGHT N' LUSCIOUS" used by a competitor dairy in Evansville, Indiana, for its buttermilk promotion prior to his adoption of the trademark "LITE N' TASTY." Thus, it is readily apparent that at this late date the Respondent, through its Federal Tradmark Registration, is attempting to monopolize a common prefix having a well-known meaning in the food industry. As long ago as 1918, the Supreme Court wrote the prescription as follows:

> "The owner of a trademark may not, like the proprietor of a patented invention, make a negative and merely prohibitive use of it as a monopoly . . ." *United Drug Company v. Theodore Rectanus Company,* 248 U. S. 90.

The basis for protection of trademark rights, therefore, is not to foster monopoly in a product or a word, but to protect the public from confusion, mistake and deception, to foster fair competition, and to secure to the business community the advantages of reputation and goodwill by preventing their diversion from those who have created them to those who have not. See: Reports of the House and Senate Judiciary Committees on H.R. 1654, Report No. 219 (House) 79th Cong., 1st Sess., and Report No. 1333 (Senate) 79th Cong., 2nd Sess.

In the case at bar, the trademarks have been used in extensive competition without one instance of actual confusion since March of 1968. The fact that "LIGHT" and

"LIGHT N' " are used in numerous trademarks on food products is evidence that these words standing alone have no trademark significance to the purchasing public which is accustomed to seeing marks and applying these terms on different products of different manufacturers.

In the testimony of Respondent's witness, Michael G. Ryan, it is established that the Respondent has used its Federal trademark registrations as a sword with respect to subsequent third party trademarks such as "LIGHT 'N MODERN", "LIGHT 'N HAPPY", "LITE N' TRIM" and "LITE N' SLIM".

The effect of the Court of Customs and Patent Appeals decision is to grant a monopoly to Respondent for a common prefix which is contrary to the intent of Congress and is in direct conflict with the decision by this Court in *United Drug Company v. Theodore Rectanus Company*, 248 U.S. 90.

2. The issue decided by the Court below is one on which there is a direct conflict in decisions of the lower Court pertaining to the same trademark "LITE N' TASTY" used with the same product. On December 20, 1973, the lower Court decision (Appendix B) reversed the Trademark Trial and Appeal Board decision (Appendix A) involving the trademarks "LIGHT N' LIVELY" and "LITE N' TASTY" holding in part that:

> "We think the marks, considered in their entireties, when applied to the goods involved, would be likely to lead to confusion."

Five weeks later on January 24, 1974, in *American Dairy of Evansville, Inc. v. Edlo Enterprises, Inc.*, Patent Appeal No. 9127, decision not published, the lower Court rendered an opinion wherein it held that there was no likelihood of

confusion with respect to the trademarks "TRIM N' TASTY" and "LITE N' TASTY." The product involved was identical in each case. The lower Court's decision of December 20, 1973, involving the trademarks "LIGHT N' LIVELY" and "LITE N' TASTY" has departed from established law with respect to determining the question of likelihood of confusion under Sec. 2 (15 U.S.C. 1052) of the Lanham Act. *In re E. I. du Pont de Nemours & Co.*, 177 USPQ 563, 476 F.2d 1357, the lower Court interpreted Sec. 2 of 15 U.S.C. 1052 as follows:

> "The phrase 'on account of its nature' in Sec. 2 clearly applies to the 'resembles' element of Sec. 2(d). But the question of confusion is related not to the *nature* of the mark but to its *effect* 'when applied to the goods of the applicant.' The only *relevant* application is made in the marketplace. The words 'when applied' do not refer to a mental exercise, but to all of the known circumstances surrounding use of the mark."

In the same decision, the Court stated:

> "A mere *assumption* that confusion is likely will rarely prevail against uncontroverted evidence from those on the firing line that it is not."

The Court further held that:

> "The ultimate question of the likelihood of consumer confusion has been termed a question of fact." *Coca-Cola Company v. Snow Crest Beverages, Inc.*, 162 F.2d 280.

In the case at bar, the record clearly establishes that the two trademarks in question have been used concurrently and continuously in the same marketplace since March of 1968 without one single incidence of actual confusion, and the record is absolutely void of any testimony or evidence that there is any likelihood of confusion. Thus, the lower Court in holding that "We think the marks, considered in their entireties, when applied to the goods involved, would

be likely to lead to confusion." (underscoring added) is in direct conflict with its decision in the *In re E. I. du Pont de Nemours & Co.*, case, cited *supra*, wherein it held "The words 'when applied' do not refer to a mental exercise, but to all of the known circumstances surrounding use of the mark." (underscoring added) In the same paragraph, the Court stated "The only *relevant* application is made in the marketplace."

The Petitioner has made uninterrupted use of the trademark "LITE N' TASTY" since March of 1968 without a single incidence of actual confusion, and it is reasonable to infer that there has been none, otherwise the Respondent would have made much of it.

The lower Court completely disregarded the only true source of the necessary information, the consumer, in making its decision based on the bare comparison of the marks before it and used a subjective standard in determining that "We think the marks . . . would be likely to lead to confusion." But hypothetical situations do not confuse the purchasing public. The public is confused only by what is done in the marketplace, by real life activity and by use of the mark. The Petitioner has extensively used the trademark "LITE N' TASTY" in the marketplace, having marketed the product in over 5,000 retail outlets. It can be reasonably presumed that if no one appears to have been actually confused after such substantial time (since March, 1968), the fact is strongly probative that there is no likelihood of confusion arising out of the use of the mark in question.

The Petitioner has been denied registration by the lower Court decision and, therefore, deprived of the accompanying valuable rights of registration which it may have

gained if the normal standard of confusion were applied. The rights conferred upon a registrant by the Lanham Act include:

> Access to the federal courts without having to satisfy the ordinary jurisdictional grounds; constructive notice of the registrant's claim of ownership; presumption of validity of the registration; ownership of the mark and exclusive rights to its use in commerce on the identical goods and services; a "statute of limitations" with respect to grounds for cancellation and invalidity; and a means of excluding importation of goods having marks which copy or similate the registered marks.

The Court should apply only a confusion of source standard to registration proceedings. If a purchaser would not be confused as to whose product is sold in the marketplace, then the Lanham Act is satisfied and registration should be granted to the Petitioner.

3. The essence of this case is that the lower Court's interpretation of Sec. 2 of the Lanham Act to prevent Petitioner's registration of its trademark, based on a subjective test by the Court on a common prefix, denies Petitioner its trademark rights and grants the Respondent an unlimited monopoly to the common prefix contrary to the intent of Congress.

The lower Court reversed the Trademark Trial and Appeal Board on the basis of a bare comparison of the marks and made no factual finding that the Trademark Trial and Appeal Board's decision was clearly erroneous with respect to the facts or law involved. The Petitioner went before the lower Court with substantial evidence of no actual confusion, and in such case there is no need of any theoretical argument, no necessity for a discussion of probabilities, and no requirement for speculation as to whether likelihood of confusion is to occur or not. It has

not occurred although the trademarks in question have been contemporaneously used on the same goods and sold through the same channel of trade since March of 1968.

"Generally, the statutory test of likelihood of confusion is interpreted to mean that the confusion must be probable, not merely possible." See R. Callmann, *The Law of Unfair Competition, Trademarks and Monopolies,* Sec. 80 (3d Ed. 1969). In *Norton Company v. Bear Manufacturing Company,* 169 USPQ 44, 438 F.2d 620, the lower Court has held "Mere possibility of confusion will not prevent registration." Thus, in the case at bar, the Court's finding "We think the marks . . . would be likely to lead to confusion." is inconsistent with the statutory test of likelihood of confusion for Sec. 2 of the Lanham Act. As the record stands, no possibility of likelihood of confusion exists, and the Respondent should bear a very heavy burden of proving that confusion is likely, a burden Respondent did not discharge. The continued use of a subjective test puts speculation and conjecture in the place of purely representative facts. The Congressional intent with respect to Sec. 2 of the Lanham Act was to modernize trademark law to conform to modern business practices and to encourage competition by making possible free choice between competing merchants.

Conclusion

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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May, 1974.

APPENDIX "A"

Opinion of the Trademark Trial and Appeal Board.

Hearing: DLC
November 3, 1971 Paper No. 35

U. S. DEPARTMENT OF COMMERCE
PATENT OFFICE

TRADEMARK TRIAL AND APPEAL BOARD

KRAFTCO CORPORATION,

v.

AMERICAN DAIRY of EVANSVILLE, INC.,

Opposition, No. 50,728, to application Serial No. 318,358, filed February 5, 1969.

Nims, Halliday, Whitman, Howes, Collison & Isner for Kraftco Corporation.

Jeffers and Rickert for American Dairy of Evansville, Inc.

Before Leach, Waldstreicher, and Shryock, Members.

Opinion by Waldstreicher, Member:

American Dairy of Evansville, Inc. filed an application on February 5, 1969 to register "LITE N' TASTY" for a fortified low fat milk. Use since March 14, 1968 is alleged. The word "TASTY" was disclaimed apart from the mark.

Opinion of the Trademark Trial and Appeal Board

Registration was opposed by Kraftco Corporation, registrant of "LIGHT N' LIVELY" for imitation egg nog;[1] ice milk and fluid milk from which a portion of the fat has been removed;[2] and of yogurt, cottage cheese and buttermilk, from which a portion of the fat has been removed.[3]

Opposer presented the testimony of its Marketing Manager for Dairy Products Sealtest Foods Division and the stipulated testimony of its trademark counsel. Opposer also relies upon the discovery testimony of applicant's president. Applicant presented the testimony of its president.

In the fall of 1966, opposer developed a low fat milk which was introduced under the mark "LIGHT N' LIVELY" into a test market in Peoria, Illinois sometime in February, 1967. The product was also introduced in a number of other test markets and in September, 1967, "LIGHT N' LIVELY" was introduced into the balance of opposer's serving area, comprising the eastern half of the United States. Previous to the introduction of "LIGHT N' LIVELY" low fat milk, opposer sold ice milk under that mark in Memphis, Tennessee and had sold "LIGHT N' LIVELY" diet cottage cheese. Opposer has continued the use of the mark "LIGHT N' LIVELY" on low fat milk, low fat cottage cheese and ice milk to the present and in addition extended the use of the mark to yogurt, also a low fat milk product.

Opposer's sales of "LIGHT N' LIVELY" low fat milk and low fat milk products during the period 1965 through

[1] Reg. No. 824,530, issued Feb. 21, 1967.
[2] Reg. No. 852,009, issued July 2, 1968.
[3] Reg. No. 886,819, issued Feb. 24, 1970.

October, 1970 approximated $98,935,000, two-thirds of which represent sale of low fat milk during the period 1967 through October, 1970.

Opposer has promoted its products under the mark "LIGHT N' LIVELY" to the general public and to the trade utilizing spot advertising on television and radio, point-of-purchase devices, magazine advertising, trade journal advertising, and brochures. Opposer has expended in excess of $8,000,000 for such promotion of which ninety per cent represents television spot advertising.

Opposer's witness admitted that there are several dairies, other than his employer, who use the word "light" in one form or another in connection with the sale of low fat milk.

Applicant is a dairy purchasing raw milk and processing, packaging and distributing milk, cottage cheese, and ice cream in a market area comprising Indiana, Kentucky, and Illinois. Sometime in the fall of 1967, applicant made plans to market a low fat milk. At that time, applicant was aware of opposer's "LIGHT N' LIVELY" low fat milk albeit applicant was not aware of the actual sales of the product by opposer. Applicant, however, was also aware of the use of "LIGHT 'N LUCIOUS" in connection with the sale of buttermilk by a third party.

Applicant began marketing "LITE N' TASTY" low fat milk in early 1968. In May, 1968, applicant received a letter from opposer's attorneys protesting in behalf of opposer applicant's use of the mark "LITE N' TASTY". Applicant, notwithstanding, continued to market its low fat milk product under the mark "LITE N' TASTY" and

its sales thereof during the period 1968 through 1971 (projected) approximated 5,217,000 pounds.

Applicant has promoted the sale of "LITE N' TASTY" low fat milk by means of handouts, point-of-purchase devices, television spots and newspaper advertising. Applicant's expenditures for such promotion approximated $35,000.

It is indicated in the testimony of applicant's president that "X-TR-LITE" and "JERRYS LIGHT 'N MODERN" were being used as trademarks for low fat milk and that he has seen "LITE LINE" low fat milk in an Indianapolis supermarket.

By stipulation, applicant introduced into evidence a number of trademark registrations disclosing marks including "LIGHT" or "LITE" for foods.

There is no issue as to priority and both parties use their respective marks on low fat milk. The sole question is whether "LITE N' TASTY" so resembles "LIGHT N' LIVELY" as to be likely to cause confusion or mistake or deception.

It is opposer's contention that the marks "are identical in legal contemplation with respect to the dominant portion of each"; that the marks have overall similarities; that each have the same number of syllables, the same stress pattern and are similarly structured; and that the marks have identical connotations.

Opposer submits that considering the identical nature of the products "and the great celebrity of opposer's mark", there is a substantial likelihood of confusion.

Applicant argues that "LIGHT" is not a coined term but rather is a term used to denote "low in calories" with regard to food products; that the term "LIVELY" does not suggest "TASTY"; and that the marks in their entireties are sufficiently different in sound, appearance and meaning to offset any possible likelihood of confusion or mistake as to the source of the goods sold thereunder.

The third-party registrations of marks including "LITE" and the third-party uses of marks including said term for low fat milk and like products indicate that "LITE" or its equivalent "LIGHT" is suggestive or descriptive as applied to such products. See: Shoe Corporation of America v. The Juvenile Shoe Corporation of America, 121 USPQ 510 (CCPA, 1959). Further, the word "light" means "containing less than the legal, standard or usual weight" (Webster's Seventh New Collegiate Dictionary), and it is apparent that said word does aptly describe a low fat milk in that sense since such milk has less butterfat than regular milk. Opposer, while not admitting to any descriptiveness inherent in the word "light", does admit that it suggests "a characteristic attributable to the goods because of their low butterfat content". While opposer has enjoyed a substantial good will in its mark, it does not appear that it has acquired a secondary meaning in the initial portion of its mark.

Considering the descriptive or suggestive meaning of "LIGHT" or "LITE" and considering the marks in their entireties, we are of the opinion that they are sufficiently different in sound, appearance and meaning to preclude a likelihood of confusion. While opposer equates the word "lively" with the word "tangy" and the word "tangy" with the word "tasty", such reasoning in our opinion cannot be

ascribed to the general purchasing public since low fat milk is not tangy.

Decision:

The opposition is dismissed.

M. LEACH,

H. WALDSTREICHER,

R. F. SHRYOCK,

Members, Trademark Trial and Appeal Board.

APPENDIX "B"

Decision of the United States Court of Customs and Patent Appeals

UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

KRAFTCO CORPORATION,

Appellant,

v.

AMERICAN DAIRY OF EVANSVILLE, INC.,

Appellee.

Patent Appeal No. 9087.

Opposition No. 50,728.

Decided: December 20, 1973.

MARKEY, *Chief Judge.*

DECISION

The decision of the Trademark Trial and Appeal Board is *reversed.* Lane, Judge, did not participate in this decision.

OPINION

We think the marks, considered in their entireties, when applied to the goods involved, would be likely to lead to confusion. If considerations of descriptiveness of "light" and third party registrations and uses were to raise a doubt, which to us they do not in this case, that doubt would be properly resolved against the newcomer appellee.